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Third World: lower costs, higher risks

Korean, Mexican strikes shut firms

By Oles Gadacz
SPECIAL CORRESPONDENT

SEOUL, South Korea — The vulnerability of Korea's automotive industry was revealed this month when labor disputes at auto parts plants cut off the supply of parts and components needed by car assemblers.

Supplies of hot-selling cars, such as the Hyundai Excel in the United States, could have been jeopardized if the strikes were prolonged. But the slow process of returning to work began here last Friday.

In the two previous weeks, wildcat strikes spread across the country, affecting hundreds of companies, many of them serving the showcase automobile industry.

The Korean strikes, together with the current strikes at Ford and Volkswagen plants in Mexico, signal one of the risks involved in sourcing high volumes from low-cost countries. Periodic labor unrest can quickly destabilize the flow of components and finished vehicles. Korean companies expect to sell more than 300,000 cars in the United States this year. Tens of thousands more imports will be sourced from Mexico.

By far, the most serious problems have been in Korea. Korean workers have been demanding higher wages and improved workers' rights, including a voice in management, the scrapping of existing pro-management trade unions and the election of new union officers to represent their interests in labor negotiations.

The current spate of labor unrest presents the first and most serious challenge to Korean labor laws since they were overhauled in 1980.

All of the recent labor actions

see RISKS, page 52

AUTOMOTIVE NEWS JOE WILSSENS

GM closes its Norwood plant this week; 4,000 will lose their jobs

Bitter and abandoned, city fights GM closing

By Louise Kertesz
AUTOMOTIVE NEWS STAFF REPORTER

NORWOOD, Ohio — When General Motors closes its 64-year-old Norwood assembly plant this Wednesday, 4,000 workers will lose their jobs and GM will lose what it considers an albatross in its drive to cut car-making costs.

But Wednesday's closing brings no sigh of relief from GM, because the legal fallout could take years to resolve.

Norwood, a city of 26,000 that banked on GM staying around for years, filed a $318 million lawsuit against GM Aug. 7, charging betrayal of GM's commitments to the city.

Norwood's action is part of a growing movement that would hold corporations accountable to communities that nurtured their

see CLOSING, page 50

Toyota unveils Lexus Division; upscale in 1989

By Jesse Snyder
AUTOMOTIVE NEWS STAFF REPORTER

TORRANCE, Calif. — Toyota Motor Sales U.S.A. will introduce its long-anticipated upscale Lexus automotive division in the summer or fall of 1989. The first offerings will be two luxury-performance sedans.

Toyota, which will make the formal announcement today, is forecasting sales of about 30,000 cars in the 1990 model year with an initial network of fewer than 100 dealers in the top 50 luxury-car markets, said J. Davis Illingwirth, corporate manager of Lexus Division.

Ultimate volume is undetermined for the division that is designed to complement the full-line car and truck Toyota Division, but will probably be less than 150,000 units annually, Illingwirth said.

"We are looking for distinction, not volume, and you don't get distinction with high volume," he said.

The timing is a surprise to industry analysts and observers, who expected Toyota's second division to start selling next fall. That would have put Toyota a full year ahead of Nissan's recently announced Infiniti Division (Automotive News, July 27). The Japanese luxury-car segment was established by Honda's Acura Division, which was formed in March 1986.

Illingwirth said the 1989 launch decision was made to give dealers time to build a separate facility and to allow Toyota to start operations with its flagship model.

That will be a large four-door powered by a new-generation V-8. Illingwirth would not discuss pricing this far in advance, but most industry sources expect retail prices in the low-$30,000 range.

"If you're going to have an upscale image, it's very important that you have the flagship car available at the beginning," Illingwirth said. "We decided to start with our best foot forward."

The second Lexus offering will be a near-luxury four-door sedan powered by a performance-oriented V-6, Illingwirth said. Both cars will be built in Japan.

Toyota is expected to add at least a coupe in subsequent model years to fill out the line, possibly based on its Japanese-model Soarer, but Illingwirth would say only that Toyota is reviewing potential "line enhancement options" and has not yet made any decisions.

"We recognize that American car buyers are becoming more knowledgeable and affluent and that they're demanding more performance and technology in their luxury cars," said Robert McCurry, Toyota Motor Sales senior vice president.

Lexus' target market will be import-oriented luxury-car buyers emerging in the baby-boomer generation, a population segment expected to grow three times faster than the national average during the next decade.

Lexus will be maintained as a separate franchise from Toyota Division, with its own dealer network, distribution and advertising and public relations operations.

Existing Toyota dealers are being invited to apply for a Lexus franchise, although Toyota also is open to bids from non-Toyota dealers. Illingwirth said some dealers outside the Toyota family may win initial-round franchises.

Toyota will have three phases of

see LEXUS, page 51

EAGLE: *Upscale image, lineup in works as Chrysler signs ex-AMC dealers*

By Mary Connelly
AUTOMOTIVE NEWS STAFF REPORTER

DETROIT — Chrysler Motors expects to round out the car lineup of its new Eagle franchise within four years as it strives to create an upscale image for the brand.

Bennett E. Bidwell, vice chairman of Chrysler Motors, also said last week that Chrysler will not resume production of the Renault Ailiance. Production ceased June 5 at the former American Motors plant in Kenosha, Wis., and the plant has been retooled to assemble the subcompact Dodge Omni and Plymouth Horizon America models.

Bidwell, speaking to the Detroit Auto Writers Group, said production of the America models [illegible] Sept. 9. Chrysler anticipates a build of 130,000 to 140,000 units in the 1988 model year, he said.

The first shift will be called back Aug. 31 and a second shift is expected to be added later in the year.

Bidwell said Chrysler hopes to keep the price of the America models below $6,000 in the 1988 model year. The 1987 model-year price is $5,799.

The AMC Eagle will be phased out, Bidwell said. Importing the Renault Medallion in a four-wheel-drive version currently remains a go program at Chrysler, he said. But, he said, "the four-wheel-drive Medallion, if it comes, will be at least a year and half to two-years out. I do not expect the Eagle to last that long."

see BIDWELL, page 53

AUTOMOTIVE NEWS JOE WILSSENS

Bidwell: "We have to launch an all-new brand. The last two to try that were Edsel and DeLorean."

Lawsuits grow over Toyota's allocation plan

By Charles M. Thomas
AUTOMOTIVE NEWS STAFF REPORTER

Four of the six Kansas City, Mo., Toyota dealerships have changed ownership within the year and although most of the former dealers are mum on their reasons for selling, one of them is suing the automaker for about $25 million.

Fred Angle, owner of the former Fred Angle Motors, is suing Toyota Motor Sales U.S.A. and its wholly owned subsidiary, Toyota Motor Distributors, in the Circuit Court

see TOYOTA, page 51

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Big 3 add light trucks to cleanup incentives Page 3
White House tries again to end CAFE Page 54

GM engineers among dead in Detroit plane crash

DETROIT — General Motors confirmed that 14 of its employees and seven of their family members were aboard Northwest Airlines Flight 255 bound for Phoenix when it crashed at Detroit Metropolitan Airport last Sunday, killing 157 people.

Most of the employees were en route to GM's Desert Proving Ground at Mesa, Ariz. The proving grounds are used for hot-weather testing of vehicles. The Sunday evening flight was a popular one with GM employees, who had to be at the proving grounds on Monday morning.

Two GM employees were returning with their families from vacations, GM said.

Flags flew at half-staff at GM facilities around the nation.

"My heart goes out to the relatives and friends of the fine GM employees, their family members and all of the people who were involved in this tragic disaster," said GM Chairman Roger B. Smith in a statement. "All of our employees feel this loss very personally, and fellow employees have been assigned to assist the families."

Among those GM employees killed in the crash were Don W. Briggs, 43, manager of the GM Desert Proving Ground, Mesa, along with his wife Sharon, 42, his son Matthew, 13, and daughter Megan, 8. The Briggs family was returning from a vacation in Michigan to their home in Arizona, where they had lived for about a year.

Also killed were GM employees from the Harrison Radiator division in Lockport, N.Y. They were: Kevin P. Insalaco, 27, project engineer; Louis Scarselletta, 30, staff project engineer; Thomas L. Spark, 32, senior project engineer; Carl A. Scherer, 58, supervisor — product engineering; and Phyllis A. Zigler, 32, senior project engineer.

The Harrison Radiator Division engineers were all involved in advanced design of air conditioning systems. They were among the scores of groups each year that travel from Lockport to Arizona to test new equipment, officials said.

William M. Best, 36, national accounts manager for GM's Detroit Diesel Allison Division in Dallas, was listed among the dead as were his wife, Kathryn, 32, his son, William Jr., 5, and daughters Hillary, 3, and Katelyn, 4 months. The family had been vacationing in New York state and were catching a connecting flight.

The following is the list of other GM employees aboard the plane: Kenneth A. Bell, 28, project engineering technician, Truck & Bus Group, Milford, Mich.; Lewis E. Dresch, 45, system manager, Chevrolet-Pontiac-GM of Canada Group, Warren, Mich.; Patrick A. Gleason, 49, staff engineer, C-P-C Headquarters, Warren; Douglas A. Hagler, 31, staff project engineer, Buick-Oldsmobile-Cadillac Group, Flint, Mich.; Gary A. Kimmel, 34, laboratory technician, Truck & Bus Group, Milford; Ernest J. Mathews, 38, systems manager, C-P-C Headquarters; and Jay T. Strausbaugh, 29, design release engineer, C-P-C Headquarters.

Other GM employees reportedly were killed in the crash but were not included on GM's official list.

Louis Talarico, 24, of Lansing, Mich., was listed among the dead. He was an assembly line worker at GM's complex in Lansing and was headed for a two-week vacation in Phoenix with a friend.

Another GM employee, Eddie Galloway, 38, of Detroit was killed when the airliner crashed into his truck as he drove past the airport. Galloway was a computer programmer in the automotive design studios at GM's Technical Center in Warren.

A Ford Motor Co. retiree, Robert Gaines, 70, of Rochester Hills, Mich., was also among those killed, as was an executive secretary for Chrysler Corp.'s Phoenix zone, Sandra Garriott, 37. Ms. Garriott had been visiting relatives in Detroit and was returning to her home in Arizona.

EDS retirement program sparks IRS inquiry at GM

By Nicky Robertshaw
CRAIN NEWS SERVICE

WASHINGTON — The Internal Revenue Service is reconsidering the tax-exempt status of General Motors' $11 billion salaried retirement program after some employees complained that GM illegally cut their early-retirement benefits.

If the tax-exempt status is revoked, it could cost GM at least $400 million in earnings per year, according to auto analyst Ronald A. Glantz, Montgomery Securities vice president.

"It means the interest on the stocks and bonds in the plan would be taxable, which would reduce the return on investments and require a larger contribution to the plan," Glantz said. "It would hurt earnings."

At issue are the benefits of some 7,000 GM data processing employees transferred to Electronic Data Systems following GM's 1984 takeover of the Dallas firm.

The transferred employees became participants in the EDS pension plan and, as a result, do not become eligible for early retirement as quickly as they would under GM's plan.

Currently, the GM salaried retirement plan includes 134,000 active employees and 60,000 retirees in the United States as well as 14,000 former employees who are vested but do not yet draw benefits.

The IRS reviewed GM's status after being notified by Sen. Carl Levin, D-Mich., of complaints from GM employees, according to a Senate aide.

The GM plan has a 30-and-out provision, which gave an employee an early retirement option after 30 years of service regardless of age. The EDS plan sets age 55 as the requirement for early retirement.

Two of the transferred employees, who would have reached the 30-year mark this year, sued GM in 1984, claiming they were entitled to remain eligible for the 30-and-out program.

In an Aug. 5 letter, IRS officials said GM no longer can depend on a March 1986 favorable determination letter on its salaried plan, because the letter might have been issued in error. The letter was issued after GM directors amended the salaried plan to exclude employees of any subsidiary acquired after March 1, 1984, from participation in the plan, including the credited service portion.

The amendment was approved Oct. 3, 1984, after the directors agreed to merge with EDS. The merger was completed two weeks later.

In responding to charges by the two transferred GM workers, GM pointed to the Oct. 3, 1984, amendment. A U.S. District Court in Flint, Mich., ruled in favor of GM. The decision has been appealed to the 6th U.S. Circuit Court of Appeals.

IRS officials said the determination process for the GM plan is being reopened and, in the meantime, GM would have a chance "to amend the plan or otherwise resolve any of the issues raised."

A GM spokeswoman said the company is "cooperating fully" with the IRS. Although company executives don't believe the agency will find any reason to drop the fund's tax-exempt status, it will address any problems the IRS might find, she said.

Gerald D. Facciani, president, of a Cleveland consulting firm, Facciani and Co., noted that the GM case is only one of many employee lawsuits being brought under the Retirement Equity Act of 1984.

"The way companies and sponsors have responded to this situation is to be as liberal as they can to avoid just this kind of employee suit and the adverse publicity that comes with it," he said.

Stuart J. Brahs, executive director of the Association of Private Pension and Welfare Plans, said: "It's disturbing that a company can get a favorable letter from the (IRS), but then it later turns and says, 'Forget it.' "

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We didn't go out and say to the dealers, 'Hey guys, we're going to do something different.' "
— LANE

OLDSMOBILE: *Straight on course for 1988 with more ad money, new Cutlass*

By Michelle Krebs
AUTOMOTIVE NEWS STAFF REPORTER

LANSING — A new car and a bigger push on advertising will pull Oldsmobile out of the sales slump it has been in during the 1987 model year.

The forecast was from William Lane, Oldsmobile general manager, who said the division will boost sales in the 1988 model year by spending more on advertising. Advertising will be focused toward specific audiences and on the product.

Also, the new front-drive Cutlass Supreme, Oldsmobile's version of the GM10 car, will add to Oldsmobile's overall sales and will create a halo effect over the rest of the division's model line, Lane said.

Oldsmobile sales during 1987 have been running 25-30 percent lower than levels of the previous year. General Motors' overall sales have been running 15 to 20 percent behind the year-earlier.

Lane predicted that 1987 model-year sales will be 802,000 to 805,000 cars. For the 1988 model year, Oldsmobile projects sales will be 865,000 units.

It had seemed that Oldsmobile had been immune to the ups and downs of the auto cycles. For four consecutive years — from 1983 to 1986 — Oldsmobile sales broke the 1 million mark. Even during the recession, sales were above 800,000 units a year except for 1982 when sales totaled 799,585.

But for the first half of 1987, Oldsmobile sales totaled 381,132 units, down 32 percent from 558,553 units in the year-earlier period. Oldsmobile's market share, which has been running between 9 and 11 percent for several years, fell to 7.5 percent in the half.

The sales slide has led some dealers to fear that Oldsmobile is headed down the same path as Buick. Buick sales have tumbled as the division has struggled to sort out what kind of cars it should sell and to whom they should be sold.

Lane doesn't agree with the comparison.

"If you look at us over the years," he said, "we've been able to maintain a steady sales record. Where other ones were having peaks and valleys, we just kind of rolled along. I think the reason we did that is because we stuck with the plan."

Oldsmobile and its dealers have not changed direction, Lane said. "There wasn't any problem for Oldsmobile in terms of market segmentation definition. We didn't go out and say to the dealers, 'Hey guys, we're going to do something different.' "

Lane said Oldsmobile will push for innovation, engineering leadership and high styling in its automobiles. "That's where we've always been," he said.

Lane explained this year's sales slide by pointing to the difficulty of maintaining its repeated sales records: "Any time you don't set another record, you're going to see minuses."

More importantly, however, Oldsmobile has been socked by competition. Japanese imports have recently moved upscale, into the midsized segment, the heart of Oldsmobile's market. Ford Motor Co. also has become a significant factor.

"We see Ford products coming more as alternates now in our market, where before Ford products used to be lower-priced and even smaller. By Oldsmobile's count, 615 models of cars are sold in the United States today. With all of that competition and the advertising that goes along with it, it's difficult to get the message across to customers in advertising," Lane said.

"Chevrolet obviously spends more than any of us, and I think they're witnessing the same thing," he added. "You can't break through everything that's out there even if you're as big as Chevrolet."

Oldsmobile hopes to "break through the clutter" with advertising that will emphasize product, not lifestyle. Lane said the Aerotech, Oldsmobile's test and show car equipped with the Quad 4 multi-valve engine, will be used to emphasize technology, innovation and engineering leadership.

Advertising will focus on the features of Oldsmobile cars and the benefit of those features to buyers.

Hertz says fleets take half of sales

By Geoff Sundstrom
AUTOMOTIVE NEWS STAFF REPORTER

WASHINGTON — Cars purchased for business use — rentals, leased vehicles and business-owned fleets — continued to account for nearly half of all new-car sales in the United States last year.

An annual survey of the car-truck lease and rental industry prepared by Hertz Corp. reported that increased 1986 revenues were accompanied by a record high number of vehicles in service.

Hertz said revenues for the lease-rental industry soared 23.4 percent to $64.626 billion in 1986, from $52.368 billion in 1985.

The number of rental and lease vehicles in service during 1986 grew 7.1 percent over 1985 to a new high of 7,199,000. Total vehicles in service during 1985 was 6,719,000. The dollar figures and the number of vehicles in service include cars and trucks.

The Hertz figures for "non-personal" cars include fleet sales (organizations buying 10 or more units a year), smaller businesses and government groups purchasing four to 10 vehicles annually and sales to individuals who drive more than 50 percent for business.

Hertz spokesman Leigh Smith said survey totals are compiled from manufacturers and from independent polls.

According to Hertz, "Sales of all new non-personal cars rose 4.5 percent from 5,145,000 in 1985 to a record 5,374,000 last year." Last year's total was 48.2 percent of total new-car sales, Hertz said.

The survey showed that import makes accounted for 7.1 percent of non-personal-car sales in 1986.

The survey noted that the ratio of new non-personal sales to all new auto sales has been in the 40 to 60 percent range for the past 20 years.

The report said there was an 11.8 percent jump in the number of rental cars on the road last year, and a 21 percent increase in rental car revenues.

The survey showed that the average age of lease-rental vehicles dipped in 1986. The report said the average "holding time" edged down to 3.13 years from 1985's 3.33 years. Hertz noted that both times are far above the 2.45-year average in 1972, the last year before the first Arab oil embargo.

Hertz said that the average age of the nation's 176.4 million vehicles was 7.73 years in 1986.

LEASE-RENTAL IN DETAIL

	1986	1985	1975
Car rental			
Units	766,000	685,000	373,000
Revenues (billions)	$6,532	$5,431	$1,649
Car leasing			
Units	4,971,000	4,854,000	3,745,000
Revenues (billions)	$35,510	$32,082	$10,636
Truck rental			
Units	235,000	226,000	155,000
Revenues (billions)	$4,688	$3,845	$1,153
Truck leasing			
Units	1,227,000	954,000	765,000
Revenues (billions)	$17,896	$11,010	$4,108

Source: Hertz Corp.

WELL USED: *Fleets keep vehicles longer, drive them farther, NAFA finds*

WASHINGTON — Operators of commercial fleet vehicles in the United States are holding on to their cars longer and driving them more miles before disposing of them.

The National Association of Fleet Administrators' 1987 used-car marketing survey found U.S. commercial vehicles were an average of 31 months old when sold and had been driven an average of 64,356 miles.

Last year, commercial fleets reported average disposal at 30.2 months and 61,029 miles.

U.S. commercial fleets responding to the survey said they sold 52,417 vehicles last year. Most of them were 1984 models. As in past years, most of the vehicles were disposed of through auto auctions and auto wholesalers, the association said.

When determining used-car prices, 47 percent of fleet operators responding to the survey said they use the Automotive Market Report. Nearly all respondents (97 percent) said they did not recondition vehicles before sale.

The 1987 survey gathered 406 responses from fleets across the United States and Canada. The survey contains data on U.S. commercial fleets, Canadian fleets, U.S. public utility fleets and government fleets.

Those responding to the survey control 102,263 company-owned vehicles and 102,676 leased vehicles for a total of 204,939. The association's 1,700 members control an estimated 2.7 million cars, light trucks and vans.

Big 3 add light trucks to cleanup incentives

By Laura Clark
AUTOMOTIVE NEWS STAFF REPORTER

DETROT — General Motors, Ford Motor Co. and Chrysler Motors have added light trucks to their year-end incentive programs that had previously covered selected car models.

The Big 3 are offering cash rebates and cut-rate loans as low as 1.9 percent on some 1987 light trucks.

GM led the pack with an announcement on Aug. 14 that its Chevrolet and GMC compact pickup trucks and sport-utility models would join its incentive lineup. Chrysler followed 2½ hours later with incentives on its Dodge Dakota pickup. Ford responded on Aug. 18 with incentives on Bronco II and Ranger.

The GM and Ford car and truck programs run until Sept. 30; Chrysler said its program has no expiration date.

Under the GM truck incentive program, buyers of Chevrolet S-10 pickups and Blazers and GMC S-15 pickups and Jimmys can choose a cash rebate of $1,000 or low-interest financing. Buyers of the Chevrolet S-10 EL pickup and the GMC S-15 X81 pickup will receive $500 rebates or low-interest loans.

Financing rates on the GM compact trucks include 1.9 annual percentage rate on 24-month loans, 3.9 APR on 36-month loans, 4.8 APR on 48-month loans and 8.9 percent on 60-month paper.

No dealer financial participation is required on the trucks. There is dealer financial participation on GM cars in the cleanup program.

Ford is offering $1,000 rebates on Bronco II 4x4s and Ranger 4x4s and $700 on Bronco II 4x2s and Ranger 4x2s. The customer can choose the rebate or financing between 1.9 APR for 24-month loans and 8.9 APR for 60-month loans.

A cash rebate of $500 is available on F-150, F-250 and F-350 models equipped with manual transmissions. The low-rate financing option is not available on the F-series trucks.

No dealer financial participation is required in the Ford truck program.

Chrysler said buyers of its two-wheel-drive and four-wheel-drive Dodge Dakota pickups, except the Dakota S model, can choose a $1,000 rebate or financing between 1.9 APR and 8.9 APR. Dakota S buyers receive a $500 cash rebate or the financing. The Chrysler program has no ending date and requires no dealer financial participation.

Chrysler's Jeep-Eagle Division — formerly American Motors — sweetened its truck incentive program on Aug. 20. Buyers of two-door Jeep Cherokees and four-wheel-drive Comanche models may choose a $1,000 rebate or financing between 1.9 APR for 24 months and 8.9 APR for 60 months. The previous program offered $1,000 on two-door Cherokees or financing between 3.9 and 9.9 APR, and $1,000 on 4wd Comanches or financing between zero and 9.9 percent.

Buyers of the 2wd Comanche may select a $700 rebate or financing between 1.9 APR and 8.9 APR. The previous program offered a $500 rebate or financing between zero APR and 9.9 APR.

Four-door Cherokees and Wagoneers have a $700 cash rebate or financing between 3.7 APR for 24 months and 8.9 APR for 60 months. The previous program offered a $600 rebate or financing between 5.9 APR and 9.9 APR on those models.

The Jeep program runs until Sept. 30 and requires no dealer financial participation.

Japan bows to U.S. pressure to monitor sales of parts

By John Suzuki
SPECIAL CORRESPONDENT

TOKYO — The United States won an important strategic concession in its auto parts trade talks with Japan. It is an agreement that Japan will monitor all transactions involving Japanese automobile producers and American suppliers for the next five years.

The accord, announced jointly by the two governments last Tuesday, brought to a close the market-oriented, sector-selective, or MOSS, talks on auto parts. Those talks, involving the U.S. Commerce Department and Japan's International Ministry of Trade and Industry, began last August.

At the outset last August, the Japanese government had opposed the concept of a monitoring system. A basic agreement on that issue subsequently was reached in February of this year, although sources claim that Japan initially supported only a three-year monitoring period.

In a press briefing, Bruce Smart, undersecretary of Commerce for international trade, said he believes the provisions "will give us a good data base to measure how the trends are taking place."

Specifically, the U.S. government hopes to accumulate data on the value of U.S. parts purchased by Japanese car manufacturers both in Japan and the United States in addition to the number and type of purchasing relationships between Japanese makers and American suppliers.

Also to be made available is the number of prototype samples ordered from American parts suppliers for import into Japan for the 12-month period through July of this year.

Data collection is to be administered on a "voluntary" basis by the Japan Automobile Manufacturers Association. It will be compiled semiannually, beginning in the current Japanese fiscal year through fiscal 1991 (to March 1992).

U.S. auto parts exports to Japan are estimated to have reached $203.4 million in 1986, 6 percent over the previous year's total. That compares with more than $5.8 billion in imports from Japan, creating an auto parts imbalance of $5.6 billion.

JAMA, however, claims that total Japanese purchases, including those by Japan's U.S. manufacturing subsidiaries, approached $2.5 billion during the year, up 44 percent in dollar terms.

Smart said he believes the greatest achievement in this round of talks was the increased awareness of Japanese companies to open bidding to foreign suppliers and, similarly, the increased awareness of American companies of the need to compete "Japanese style" to meet the needs of Japanese automakers who insist on 100 percent quality, just-in-time delivery and other specifications and conditions.

He added that the agreement is likely to have little effect on the omnibus trade legislation being debated by Congress.

John Creamer, director of the Japan office of the U.S. Automotive Parts Industry, said, "We've succeeded in focusing some attention on the parts industry."

Creamer's office is supported jointly by the Commerce Department and the Motor and Equipment Manufacturers Association.

Another official, who asked that his name not be disclosed, added, "The agreement gives the Japanese auto companies an excuse to buy from American suppliers."

The agreement contains additional provisions to identify purchasing contacts in Japan for U.S. parts suppliers and to foster trade development, including Japanese government and industry cooperation in seminars and trade shows.

One area not addressed in the talks, though it has become an increasingly hot topic in the United States, concerns the increasing tendency of Japanese auto parts companies to shift part of their operations to the United States along with the movement of Japanese assembly plants.

A U.S. Embassy report published in January predicted that a minimum of 300 Japanese supplier companies would set up some sort of U.S. production base within the next couple of years. Some now are suggesting that estimate may be too low.

Lee Kadrich, director of government affairs for the Automotive Parts and Accessories Association, called for a curtailment of Japanese parts companies moving to the United States.

Reflecting the Reagan administration's free-trade position, Smart took exception to that view. He said, "The U.S. welcomes foreign investment and gives it the same treatment in almost all cases it does U.S. investment. The increase in assembly and parts plants in the U.S. will make the auto market there much more competitive than in the past.

"I would assume, however, that Japanese investors considering opening plants in the U.S. would consider the effects of excess capacity and other market conditions in their investment decisions," he said.

UAW chief labels MOSS talks 'a dismal failure'

DETROIT- UAW President Owen Bieber branded the just-completed MOSS talks with Japan on auto parts trade "a dismal failure." He said the union would stress the administration's failure to achieve anything in the talks as Congress prepares for final action on trade legislation.

"Instead of attacking head-on the closed doors facing U.S. auto parts makers trying to sell to Japanese companies and their traditional supplier firms, the MOSS talks managed only to reach agreement on the collection of data on the U.S. parts purchases of Japanese auto companies," Bieber said.

"This measurement of purchases is in no way an acceptable substitute for specific commitments to increase purchases of auto parts from U.S. companies," he added.

"The rapidly expanding U.S. trade deficit with Japan in auto parts must be reversed if we are to preserve the jobs and production in the industry that are vital to a healthy, technologically advanced U.S. auto industry," the UAW president said.

Bieber also said Japan's U.S. plants that use extremely small amounts of U.S. parts content are strangling domestic parts producers and reducing employment opportunities for American workers. He said that parts imports from Japan and elsewhere continue to soar.

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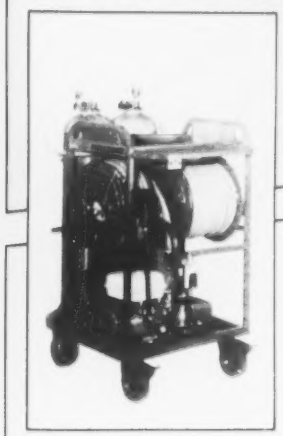

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Circle ReaderService #15

Taiwan's automakers emphasize home market; first half up 30%

By Stephen Vines
SPECIAL CORRESPONDENT

TAIPEI, Taiwan — While automakers overseas are anxiously looking over their shoulder at the new competition likely to be posed by the exports from Taiwan's auto industry, Taiwanese companies are more worried by problems of meeting growing domestic demand.

The idea that Taiwan will shortly be a second Korea in auto export markets is premature. The emphasis remains on the home market, at least for the time being.

Home sales in the first half of this year rose by almost 30 percent to 73,576 units, compared with sales of 56,685 in the first half of last year. Although there may be some slight tailing off in the second half of the year, no one doubts the strong underlying growth trend. In recent years, sales have grown by an average of 10 percent.

Taiwan's domestic passenger-car market

Company	Jan.-June 1987	Jan.-June 1986
Yue Loong	25,736	22,328
Ford Lio Ho	17,020	11,854
San Yang	15,260	9,877
Daihatsu	6,597	4,699
San Fu	5,131	,471
Yeu Tyan	3,175	2,467
China Motors	657	989
Total	73,576	56,685

Automotive News estimates based on company sources.

"It would be higher," said Lin Chin-shiang, president of Honda distributors Nan Yang, "but parking problems are so bad and road conditions so restrictive that it is holding back the expansion of the market." The problem is particularly acute in the capital, Taipei, which accounts for 35 percent to 40 percent of all new-car sales.

The main reason for the sales boom is simply the rapid increase in Taiwanese living standards, created by a consistent rise in gross national product. It is providing higher wages against a background where inflation in nonexistent or minimal.

Car ownership was a mere one vehicle per 1,000 people in 1952. According to the most recent statistics available, covering 1986, ownership has risen to 77 per 1,000 and is believed to be considerably higher now.

The rise in sales comes despite the high prices in the domestic market. The top selling locally made Honda Civic, for example, retails at $338,000 Taiwan dollars ($10,600 U.S.) for the manual version.

The automatic transmission version plus extras (including air conditioning) sells for $12,800.

In part, these high prices are generated by heavy tariffs on imported components and even higher tariffs on imported cars. However, the 35 percent tax on components and the 55 percent tax on imports of built-up cars is being gradually cut and eventually a reduction of 10 percent to 15 percent in retail prices is expected.

The local manufacturers' argument for maintaining high prices has recently been slightly undermined by two new import challengers making a push in Taiwan. Fiat of Italy and Seat of Spain are vigorously entering the market with lower-priced cars. They are beginning to make some impact. Their success is all the more impressive because they have been able to price low despite heavy import taxes.

Japanese imports are banned because, in the words of one motor company source, "there's no way we could compete with them. If they were allowed in, we would all be dead."

In fact, the Taiwanese in the past would have liked to keep out all auto imports. But they were threatened with a big stick by the U.S. government. Strong pressure forced them to allow in, often on preferential terms, American-made vehicles, or risk jeopardizing its other exports to the U.S., which make up about 50 percent of Taiwan's exports.

Denied direct access to the Taiwanese market, Japanese manufacturers have joined with local companies to make cars in Taiwan. The biggest partnership is between Yue Loong and Nissan, which acquired a 25 percent stake in the company in 1985.

This has every appearance of a marriage of convenience rather than one of love. Yue Loong would like to be more independent of the Japanese, and has taken a significant step in this direction by developing its own car, the Feeling. Nissan, on the other hand, shows every sign of wanting a bigger say in the Taiwanese company.

The company is run by the formidable Vivian Wu Yen, who took over from her husband in 1976 and was named president when he died in 1981. She has a reputation for concentrating all control in her hands and has long since ceased to be regarded as a mere surrogate for her husband who founded the company.

Despite a rigorous program of up-grading quality control and ambitious expansion plans now yielding annual production of 70,000 units, Yue Loong is still fighting to stop its decline in market share.

A joint deal with Chrysler and Nissan, initiated some two years ago to co-produce a 1.2-liter passenger car, collapsed, much to the annoyance of Yue Loong, which was hoping to sell the new car in the American market. Chrysler is believed to have been paid a few million dollars in compensation to Yue Loong for its failure to fulfill its undertakings.

Yue Loong President Vivian Wu Yen has a reputation for concentrating all control in her hands.

Far happier with its international ties is Ford Lio Ho, which is 70 percent owned by Ford. It is strongly linked to Ford's Japanese partner, Mazda, which in turn is 25 percent owned by Ford. The company is fully integrated into Ford's world car strategy and became Taiwan's first major car exporter in July 1986, when it began sales to Ford of Canada.

Last month, however, Ford Lio Ho suffered a serious production set-back when its modern plant at Chungli, near Taipei, was hit by a storm that lifted the root off.

Interestingly, Lio Ho was negotiating with Japan's Toyota before it joined forces with Ford in 1972. Toyota pulled out of the talks when it decided to concentrate on mainland China rather than Taiwan.

China, however, turned out to be a bit of a disappointment, and Toyota is back in Taiwan with truckmaker Kuo Zui. It still might be back with a car-making project, despite the spectacular failure of its early 1980s proposed joint venture with the China Steel Corp.

Perhaps the most successful of the Taiwan-Japanese associations is the link between San Yang and Honda, in which Honda has a 15 percent stake. Sales growth is rapidly overtaking that of the competition, despite the fact that the Taiwanese plant is essentially a one-model operation turning out Honda Civics. Honda Accords are imported from the United States by San Yang's sales arm, Nan Yang. It is considering importing the luxury Honda Legend from Britain, where it is made by Austin Rover Group.

According to Nan Yang President Lin Chin-shiang, the more liberal import regime in Taiwan is also leading the company to look further afield for component supplies.

Renault and Peugeot of France have local production agreements that are proving to be modestly successful, not least because of a fascination in Taiwan for European design. Meanwhile, Nissan-associate Daihatsu and Mitsubishi are struggling for a toe-hold in the market.

Home sales "would be higher, but parking problems are so bad and road conditions so restrictive that it is holding back the expansion of the market."
— CHIN-SHIANG

Cadillac mulls Cimarron's future

By Michelle Krebs
AUTOMOTIVE NEWS STAFF REPORTER

DETROIT — The Cimarron is receiving a lot of attention from Cadillac market planners and engineers these days, and its future is uncertain.

Cadillac General Manager John O. Grettenberger said options for the Cimarron will be looked at during the next few months. Several options — keeping it, dropping it or replacing it with something more expressive — are being considered.

The one option not being considered is replacing the present Cimarron with the Opel Senator, as has been speculated.

Whatever happens, the Cimarron will have to be repositioned. The current Cimarron, Grettenberger noted, is priced several thousand dollars lower than the Nissan Maxima and Toyota Cressida. Grettenberger said every Cadillac should be at the upper end of its segment.

Grettenberger confirmed that the division is exploring the possibility of a 12-cylinder engine for a future car. He also mentioned the possibility of a 16-cylinder engine.

However, he said, such a project would be a major undertaking because it would have to be placed in an all-new front-wheel-drive car. Cadillac would be the first automaker to have a 12-cylinder or 16-cylinder engine in a fwd car.

Meanwhile, Grettenberger said Cadillac is taking "drastic steps" to make the Eldorado and Seville more expressive in the future. They will be positioned to go head-to-head with the European imports.

Cadillac's Fleetwood, built off the C-car platform shared by the Buick Electra/Park Avenue and Oldsmobile 98, will "take a leap beyond" its Buick and Oldsmobile sister cars in the 1989 model year when it is restyled to be more distinctive, Grettenberger said.

Grettenberger predicted the luxury segment will remain strong in the coming years, despite forecasts by some auto analysts that the segment will be squeezed. He said Cadillac will continue to emphasize powertrains, styling and functional features that the luxury buyer expects along with excellent quality.

For the 1988 model year, Grettenberger expects sales of 292,000 units. Sales for the 1987 model year are expected to be 278,000 to 280,000.

GROWTH: *Mid-Atlantic Toyota expands; $11 million in facilities added*

By Matt DeLorenzo
AUTOMOTIVE NEWS STAFF REPORTER

GLEN BURNIE, Md. — Mid-Atlantic Toyota has opened an $11 million addition to the parts warehouse and service training facilities at its suburban Baltimore headquarters.

The 170,000-square-foot addition nearly doubles the size of the parts warehouse to 316,000 square feet and also provides additional space for the distributor's service training operation. Mid-Atlantic Toyota conducts about 14,000 man-hours of classroom and hands-on service instruction per year.

Jack Brown, president and chief executive of Mid-Atlantic Toyota, said the investment reflects the company's expanding sales. Last year, the firm sold more than 88,000 cars and trucks to move past Gulf States Toyota, Houston, for second place among Toyota's three distributors, according to Brown. Southeast Toyota Distributors, Pompano Beach, Fla., is first.

Part of his company's success, Brown said, has been an almost threefold increase in truck sales, moving from about 12,000 units in 1983 to 30,000 last year.

Some of the 350 guests tour Mid-Atlantic Toyota

"When I came here in 1983, it was said that we don't have a truck market," Brown said of the five-state Mid-Atlantic area that includes Maryland, Virginia, Pennsylvania, West Virginia and Delaware. "Our market is a bit different, but our dealers have done a good job selling trucks."

While he sees sales this year remaining at or just below last year's level, Brown said that the addition of Toyota's Kentucky plant and the softness of the market for other other imports presents an opportunity for Mid-Atlantic to boost its sales and allocation of vehicles.

With increased volume, the additional parts and service training facilities will play an important role, he said.

"We're building for the future," Brown said.

Mid-Atlantic, with sales of more than $1.1 billion annually, recently signed another five-year agreement with Toyota Motor Sales U.S.A. The distributor has about 100 dealers and plans to add three or four more in the next year. It also will continue a program to upgrade the facilities of its current dealers.

AUCTION DATES

American Motors

Aug. 25 — D-A Auto Auction, New Stanton, Pa.

Aug. 26 — Minneapolis Auto Auction, Plymouth, Minn., and Metro Milwaukee Auto Auction, Caledonia, Wis.

Aug. 27 — Greater Chicago Auto Auction, Chicago; Todd Auto Auction, Telford, Pa.; and Wolfe's Evansville Auto Auction, Evansville, Ind.

Aug. 28 — St. Louis Auto Auction, St. Louis

Chrysler Corp.

Aug. 25 — Florida Auto Auction of Orlando, Ocoee, Fla.; Aptco Auto Auction, Taylor, Mich.; NuCarPrep System, Santa Fe Springs, Calif.; Hatfield Auto Auction, Hatfield, Pa.; and Dallas Auto Auction, Grand Prairie, Texas

Aug. 26 — Southern Auto Auction, Warehouse Point, Conn.; A.D.E. of Albama, Boaz, Ala.; Columbus Fair Auto Auction, Obetz, Ohio; and South Seattle Auto Auction, Kent, Wash.

Used Car Sales
Auction Averages

August to date	$6,068
Month ago	$5,923
Year ago	$5,222

Aug. 27 — Fredericksburg Auto Auction, Fredericksburg, Va.

Aug. 28 — St. Louis Auto Auction, Bridgeton, Mo.

Ford Motor Co.

Aug. 25 — South Seattle Auto Auction, Kent, Wash.

Aug. 26 — Columbus Fair Auto Auction, Obetz, Ohio; Lakeland Auto Auction, Lakeland, Fla.; Southern California Auto Auction, Fontana, Calif.; and Salt Lake Auto Auction, Salt Lake City

Aug. 27 — Greater Chicago Auto Auction, Chicago; Skyline Auto Exchange, Fairfield, N.J.; and St. Louis Auto Auction, Bridgeton, Mo.

Model Breakdown
Auction Averages

	AUG 1987	JUL 1987	JUN 1987
1987	$11,377	$11,512	$11,113
1986	$8,942	$9,032	$9,187
1985	$7,392	$7,394	$7,191
1984	$5,766	$5,756	$5,727
1983	$5,036	$5,081	$4,852
1982	$3,652	$3,684	$3,687
1981	$2,637	$2,642	$2,680
1980	$2,067	$2,068	$2,134*
Overall Average	$6,068	$6,030	$5,900

General Motors

Aug. 25 — Harrisonburg Auto Auction, Harrisonburg, Va.

Aug. 26 — Hatfield Auto Auction, Hatfield, Pa.; Indianapolis Auto Auction, Indianapolis; Metro Auto Auction of Kansas City, Lee's Summit, Mo.; Minneapolis Northstar Auto Auction, Shakopee, Minn.; and Golden Gate Auto Auction, Fremont, Calif.

Aug. 27 — Butler Auto Auction, Gibsonia, Pa.; Aptco Auto Auction, Taylor, Mich.; Nashville Auto Auction, Nashville, Tenn.; and Southwest Auto Auction, Kent, Wash.

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PRODUCTION

Auto build is 92,461

By Kathy Barbaglia
AUTOMOTIVE NEWS STAFF REPORTER

Domestic weekly auto production is beginning to accelerate as several assembly plants resume output after being idle for model changeover.

Automakers' targeted car production of 92,461 last week was 17.02 percent more than the previous week's 79,015 but dipped 32.80 percent from the year-ago week's 137,592.

Last week's scheduled production was shared as follows: General Motors, 42.09 percent; Ford Motor Co., 27.94 percent; Chrysler Motors, 17.30 percent; Honda of America Manufacturing Inc., 5.80 percent; New United Motor Manufacturing Inc., 4.06 percent; and Nissan Motor Manufacturing Co. U.S.A., 2.81 percent.

As reported earlier, Volkswagen of America's Westmoreland, Pa., plant is closed for model changeover. The plant was scheduled to resume production on Sept. 14 but start-up has been delayed at least a week because of the VW strike in Mexico.

Ford's Lorain, Ohio, plant was closed Tuesday until late Thursday because of a parts shortage, affecting about 2,900 workers.

On Oct. 19, GM will reduce production at its Wentzville, Mo., plant from two shifts to one, laying off about 2,700 workers. The Wentzville facility assembles the Buick Electra, Oldsmobile 98 and Oldsmobile 88 models.

Three GM plants were scheduled to resume production today after model changeover downtime. They are: Lordstown, Ohio; Detroit-Hamtramck; and the Pontiac Fiero plant in Pontiac, Mich.

GM's Arlington, Texas; Framingham, Mass.; and Doraville, Ga., plants remain idle for changeover.

The No. 1 line at Chrysler's Kenosha, Wis., plant is slated to resume output today after being down for vacation. The No. 2 line is scheduled to resume production on Sept. 7.

Ford's Kansas City, Mo., plant remains closed for model changeover.

Ford has scheduled daily overtime this week at its Dearborn, Mich., and Wixom, Mich., plants.

Truck production declines 11%

Last week's scheduled domestic truck production totaled 58,583 units, 11.82 percent below the previous week's 66,436 and 1.79 percent below the year-ago week's 59,650.

Year-to-date, 2,421,917 trucks have been assembled, 5.25 percent more than the 2,301,008 completed last year at this point.

Chrysler's Jeep plant in Toledo, Ohio, was idle last week for vacation. Ford slated daily overtime this week at its Louisville, Ky., plant.

Week's output climbs in Canada

Canadian car and truck output last week increased over the prior week's production as vacation downtime tapered off.

Last week's targeted car output of 6,937 was almost double the previous week's 3,729 but fell 47.01 percent from the year-ago week's 13,092.

So far this year, 482,127 cars have been assembled, 28.80 percent below the 677,175 completed last year at this time.

Truck output of 15,698 last week rose 18.70 percent over the prior week's 13,225 and was 20.70 percent more than the year-ago week's 13,006.

Volvo's Halifax, Nova Scotia, car plant was down last week for vacation. The plant is scheduled to resume production today.

CANADIAN CAR	Week Ended Aug. 22, 1987	Week Ended Aug. 23, 1986	Week Ended Aug. 15, 1987	Aug. to Date	Jan. 1 to Aug. 23, 1986	Jan. 1 to Aug. 22, 1987
AMERICAN MOTORS	100	97	109	316	2,530	3,509
FORD MOTOR	3,680	11,262	2,662	7,219	336,317	296,775
GENERAL MOTORS	2,757	1,733	502	3,310	331,877	166,530
HONDA	400	0	456	1,208	0	8,896
VOLVO	0	0	0	0	6,451	6,417
Total Cars, Canada	6,937	13,092	3,729	12,053	677,175	482,127
U.S. TRUCK☆						
CHEVROLET	15,830	15,215	17,783	52,239	756,410	741,974
DODGE	7,300	3,690	7,169	20,962	62,599	166,782
FORD	21,931	27,089	24,837	74,088	925,329	941,558
GMC	6,969	4,090	5,229	18,934	237,972	248,649
NAVISTAR	1,673	1,610	1,661	4,977	46,428	46,657
JEEP	0	3,669	4,900	9,200	116,132	137,137
NISSAN	2,130	1,937	2,107	6,300	79,036	54,200
AM GENERAL*	450	50	450	1,350	1,662	9,360
MISCELLANEOUS*	2,300	2,300	2,300	6,900	75,440	75,600
Total Trucks, U.S.	58,583	59,650	66,436	194,950	2,301,008	2,421,917
CANADIAN TRUCK						
AMERICAN MOTORS	935	745	778	2,489	17,754	21,355
CHRYSLER	6,045	8,489	6,852	18,713	257,446	259,401
FORD	2,432	3,586	3,388	8,552	105,136	95,302
GENERAL MOTORS	6,060	0	1,981	9,716	172,031	139,957
NAVISTAR	226	166	226	632	6,167	5,950
Total Trks., Canada	15,698	13,006	13,225	40,102	558,534	521,965
U.S., Canada Trks.	74,281	72,656	79,661	235,052	2,859,542	2,943,882

☆—Includes window van production. *—Estimated
Jeep includes commercial only. AM General includes government-destined vehicles.
Miscellaneous includes estimates for Mack, Volvo-White, Kenworth, Peterbilt, Freightliner, Mercedes-Benz, etc.
Monthly estimates may contain error of one or two units due to rounding.

U.S. CAR	Week Ended Aug. 22, 1987	Week Ended Aug. 23, 1986	Week Ended Aug. 15, 1987	Aug. to Date	Jan. 1 to Aug. 23, 1986	Jan. 1 to Aug. 22, 1987
AMERICAN MOTORS	0	1,463	0	0	35,528	15,994
Renault Total	0	1,463	0	0	35,528	15,994
Alliance	0	1,463	0	0	32,181	15,994
Encore	0	0	0	0	3,347	0
CHRYSLER MOTORS	16,000	24,455	14,308	44,982	872,064	677,471
Plymouth Total	4,700	8,759	5,005	14,675	263,743	201,966
Horizon	0	3,729	0	0	111,771	32,997
Sundance	1,300	1,066	1,273	3,558	8,373	60,136
Reliant	2,800	2,729	3,078	8,795	102,171	73,179
Caravelle	600	692	654	1,827	29,550	31,846
Gran Fury	0	543	0	495	11,878	3,808
Chrysler Total	5,200	6,067	4,184	13,867	272,119	229,253
Laser	0	0	0	0	27,239	0
LeBaron K	1,000	784	946	2,963	65,075	46,831
LeBaron J	1,700	0	918	2,618	0	72,812
LeBaron GTS	600	1,311	648	1,728	44,788	25,657
N. Yorker E-Class	1,700	1,118	1,672	4,922	49,985	51,715
N. Yorker C-Class	200	0	0	200	0	200
Fifth Avenue	0	2,854	0	1,436	85,032	32,038
Dodge Total	6,100	9,629	5,619	16,440	336,202	246,252
Daytona	1,200	0	653	1,853	30,807	35,762
Omni	0	3,711	0	0	107,795	28,363
Shadow	1,500	955	1,404	3,968	7,350	61,901
Aries	2,500	2,262	2,645	7,673	80,158	68,845
Dodge 600	500	716	555	1,565	48,410	28,487
Lancer	400	742	362	1,039	35,388	16,140
Diplomat	0	1,243	0	342	26,294	6,754
FORD MOTOR	25,830	40,304	24,373	73,312	1,157,293	1,190,712
Ford Division	17,916	27,620	17,077	52,053	790,806	845,287
Escort	5,917	8,025	5,725	18,717	251,268	239,327
Mustang	3,525	3,958	3,077	9,072	124,612	135,702
Tempo	0	4,312	0	0	128,885	99,830
Taurus	6,865	8,962	5,243	19,623	183,516	267,620
Thunderbird	1,609	2,363	3,032	4,641	102,525	102,808
L-M Division	7,914	12,684	7,296	21,259	366,487	345,425
Mercury Total	3,714	9,484	3,394	9,479	253,970	230,646
Lynx	0	1,428	0	2	42,716	21,352
Capri	0	643	0	0	11,664	0
Topaz	0	1,118	0	0	38,483	32,858
Cougar	1,519	3,331	1,995	3,514	84,090	91,169
Sable	2,195	2,964	1,399	5,963	77,017	85,267
Lincoln Total	4,200	3,200	3,902	11,780	112,517	114,779
Continental	0	322	0	0	12,564	9,610
Lincoln	3,499	2,399	3,252	9,816	84,393	87,738
Mark VII	701	479	650	1,964	15,560	17,431
GENERAL MOTORS	38,921	59,066	26,809	85,103	2,729,389	2,209,869
Buick Total	13,082	12,882	6,877	22,726	509,092	357,114
Skyhawk	1,095	1,497	734	1,829	56,545	18,280
Century	3,165	3,228	2,027	6,886	157,862	110,111
Regal (rwd)	625	1,198	10	635	40,835	29,835
Somerset/Skylark	1,930	1,606	300	2,230	72,331	39,302
LeSabre (fwd)	4,440	3,918	1,963	6,403	95,869	87,096
LeSabre (rwd)	129	302	73	332	10,061	6,033
Electra (fwd)	1,698	0	1,770	4,411	56,102	57,956
Riviera	0	1,133	0	0	19,487	8,501
Cadillac Total	4,381	6,355	1,821	7,569	215,837	170,483
Cimarron	73	112	5	78	16,536	7,567
Allante	60	0	154	360	0	3,172
Brougham (rwd)	1,800	2,161	1,662	4,683	55,828	43,469
DeVille (fwd)	2,448	2,864	0	2,448	107,883	93,021
Eldorado	0	641	0	0	18,513	10,534
Seville	0	577	0	0	17,077	12,720
Chevrolet Total	9,815	18,220	11,947	34,500	814,696	856,161
Chevette	0	2,503	0	0	61,031	0
Camaro	2,315	2,510	2,325	6,948	115,669	77,164
Cavalier	0	5,447	0	0	257,236	204,851
Celebrity	0	0	0	0	162,723	192,484
Corsica/Beretta	4,794	0	8,036	20,657	0	199,496
Monte Carlo	0	2,522	0	0	74,024	42,027
Chevrolet	2,706	4,591	1,586	6,895	127,707	122,056
Corvette	0	647	0	0	16,306	18,083
Oldsmobile Total	10,493	11,821	4,864	16,722	681,237	408,488
Firenza	465	720	304	769	25,201	2,788
Calais	2,450	1,612	361	2,811	76,945	72,358
Cutlass Ciera	1,248	1,789	0	1,248	172,915	101,216
Cutlass Supreme	1,667	731	1,489	3,156	87,354	48,694
88 (fwd)	1,521	4,297	756	3,278	218,441	110,726
88 (rwd)	0	328	0	0	12,703	10,656
Olds 98	3,142	1,903	1,954	5,460	73,585	43,329
Toronado	0	441	0	0	14,093	10,127
Pontiac Total	1,150	9,788	1,300	3,586	508,527	417,623
Acadian*	0	453	0	0	9,864	0
Fiero	0	671	0	0	45,684	20,689
1000	0	855	0	0	12,709	0
Firebird	965	1,486	1,165	3,092	73,577	51,987
2000 Sunbird	0	2,800	0	0	89,182	60,295
Grand Am	0	3,296	0	0	139,744	149,576
6000	0	0	0	0	95,588	48,689
Bonneville	0	0	0	0	0	79,946
Safari/Parisienne	185	227	135	494	42,179	6,441
HONDA	5,360	5,534	6,409	18,605	132,309	214,635
Civic	1,504	0	2,238	5,959	0	71,089
Accord	3,856	5,534	4,171	12,646	132,309	143,546
NISSAN	2,600	967	2,579	7,730	22,750	85,127
NUMMI	3,750	3,731	4,037	11,804	131,801	128,832
Corolla	750	0	896	2,530	0	27,038
Nova	3,000	3,731	3,141	9,274	131,801	101,794
VOLKSWAGEN	0	2,072	0	0	52,082	43,129
Golf/GTI	0	2,072	0	0	52,082	34,775
Jetta	0	0	0	0	0	8,354
Total Cars, U.S.	92,461	137,592	79,015	241,536	5,133,216	4,565,769
Total Cars, Canada	6,937	13,092	3,729	12,053	677,175	482,127
U.S., Canada Cars	99,398	150,684	82,744	253,589	5,810,391	5,047,896
U.S., Canada Trks.	74,281	72,656	79,661	235,052	2,859,542	2,943,882
U.S., Canada Cars and Trucks	173,679	223,340	162,405	488,641	8,669,933	7,991,778

*—All Acadians are built for sale in Canada.
Monthly estimates may contain error of one or two units due to rounding.

White House tries again to end CAFE

By Helen Kahn
AUTOMOTIVE NEWS STAFF REPORTER

WASHINGTON — The Reagan administration has once again sent to Congress its proposal to eliminate corporate average fuel economy standards for passenger cars after the 1988 model year.

It was originally part of an omnibus trade package designed to make U.S. industry more competitive. Since it did not become part of the trade bills — and has received no attention at all so far — it is being resubmitted separately.

It has been reintroduced by Sen. Don Nickles, R-Okla., a member of the Senate Energy Committee. He is known to be a friend of General Motors and Ford Motor Co.

In the past, both companies have asked NHTSA to reduce CAFE standards. Chrysler Motors opposes lowering or eliminating the passenger-car CAFE standards.

Nickles described the current law as "archaic" and as a "well-meaning but misguided response by Congress to intervene in the marketplace in the hopes of reordering consumer tastes to use less energy." He said CAFE has hurt the domestic industry. And it has not helped consumers who wish to continue buying large cars.

CAFE, he added, has hurt the two largest domestic car firms. He said they have been failing to meet the standards, while foreign companies "have huge banks of CAFE credits that will enable them to flood the U.S. market with the large, higher-value-added cars for the foreseeable future."

While the administration bill would eliminate CAFE standards, it ensures that the government may complete its compliance cases. Automakers would continue to earn CAFE credits to offset their liability for any model year ending before the bill's effective date. In other words, there would be three full model years after CAFE repeal to allow full carry-back credits.

The administration bill would require information stickers about fuel economy on individual models, but they would not say how those models compare with other models. The section requiring dealers to retain — for consumer use — government pamphlets comparing gas mileage of various makes and models would be repealed. Instead, EPA would make data available to persons who request it.

The bill would require the EPA's testing and calculation procedures to "simulate conditions of actual use," but much would be left to the agency's discretion.

The bill contains a section that may be even more controversial than ending CAFE standards.

That is a "clarification" of who has standing to sue over CAFE issues. That is a complicated legal question currently before the full U.S. Court of Appeals for the District of Columbia. It stems from a case brought by the Center for Auto Safety against EPA over EPA's method of calculating a CAFE adjustment factor due to a change in its test procedure.

When the three-judge panel ruled for CAS and against EPA, GM and other auto companies, on EPA's side, moved to appeal to the full panel of 11 judges.

Other cases include the Competitive Enterprise Institute's suit to end future CAFE standards and the Center for Auto Safety's suit to increase future CAFE standards.